



GRACE PLAN TO REDUCE CHILD AND FAMILY POVERTY

WHY WE MUST ACT:

After adjusting the Federal Poverty Line to account for the cost of living in California, the state's poverty rate is 22 percent – the highest in the country. Poverty is also extremely prevalent among California's youth as more than 1 in 5 children live in poverty. Latinos, the state's largest ethnic group and a growing sector of the population, are even more likely to live in poverty. Almost 1 in 4 Latinos and almost one-third of Latino children live in poverty in California. Similar to the disproportionate impact on Latino children, almost 1 in 4 African Americans and one-third of African American children in California live in poverty. Disparities in poverty rates based on educational attainment are even larger than the considerable differences based on race and ethnicity. Half of high-school dropouts and more than one-quarter of high school graduates live in poverty, compared to 5.5 percent of college graduates.

California's high poverty rates, particularly in growing segments of the state's population, are occurring at the same time as baby boomers are retiring, life expectancy is increasing and demand for health care and other supportive services is increasing. These poverty rates limit the ability of millions of children to realize their potential and contribute to the mismatch between workers' skills and available jobs. Unaddressed, high poverty rates will challenge California's continued economic growth and will overwhelm the ability of the tax base to support increased demand for services.

California funds many services and has policies in place to address the number of children, youth and families in poverty. However, available services are insufficient to significantly reduce child poverty. Further, services are fragmented and difficult for families to navigate.

AN EQUAL OPPORTUNITY PLAN TO SIGNIFICANTLY REDUCE CHILD AND FAMILY POVERTY IN CALIFORNIA

Based on an exhaustive study by the Stanford Center on Poverty and Inequality of effective strategies to reduce child poverty, a substantial evidence-based plan has been developed to provide a continuum of services to ensure equal opportunities for all children in California. It consists of significant long-term investments in an early intervention structure that assesses child and family needs and links parents and children to appropriate services, expands access to early childhood education for all low-income children and supplements services for school age children to ensure they receive necessary counseling and support to become college or career ready. It also increases targeted, sector based job training programs. Finally, it provides immediate minimum support for families by increasing CalWORKs grants and establishing a state Earned Income Tax Credit (EITC) program to help low-income working families keep more of their income. The proposal avoids new spending on administration by building on existing state programs.

SUMMARY OF PLAN:

Expand Home Visiting Programs

PROPOSAL: Implement a comprehensive prenatal and early childhood in-home assessment and case management program to coordinate health, educational and other services for families in poverty. The program would assess child and family needs and link them to appropriate services.

DESCRIPTION: Currently, there are a variety of home visiting programs in California with various providers, many funding streams, different protocols for delivering services, and different populations served. This patchwork of services misses many at-risk families. According to the Stanford study, approximately 80,000 California families are living in poverty, have young children, and are not currently being served by a California home visiting program.

This plan proposes to expand existing home visiting programs to provide sufficient slots to serve all eligible pregnant women and families with children ages 0 to 5 with income at or below the federal poverty level. Services would be based on a comprehensive family needs assessment, beginning in the second trimester of pregnancy and continuing until age 5. The focus is on improving health outcomes, child development, support and education for parents, and linkages to services and supports for both children and parents to meet the needs of the family. Staffing to deliver services and frequency of visits would vary based on the age of the child and family needs. Community health workers/*promotores* would be incorporated, as appropriate, into the program.

To date, home visiting programs in California have focused on specific populations or have been relatively small. This proposal would build on the home visiting programs administered by the California Department of Public Health (CDPH). Given the need to massively increase the scale of existing programs to reduce child poverty as quickly as possible, the proposal includes a combination of state and local administration, and incorporates the use of community based organizations in service delivery. The CDPH would be responsible for statewide policy, caseload estimates and state level administrative activities. Local First 5 commissions or county human services agencies, depending on readiness to implement the expansion, would be responsible for administration at the local level, including establishing contracts with providers. Regional approaches would be permissible.

The proposed program would include an extended duration of services—from the current 0-2 or 3 to pregnancy through age 5. The program includes a blend of staffing based on family needs, duration of family participation and age of the children served. More intensive staffing would be provided when families first enter the program.

COST: An estimated \$2.1 billion. The cost includes necessary funding to both increase slots and extend the length of services.

IMPACT: The proposed program expansion would extend services to 450,000 families.

Once the Early Childhood Education (ECE) programs discussed below are fully implemented, the intensity of Home Visiting services could be reduced for children enrolled in ECE services.

Expand Access to Early Childhood Education for Children up to Age 12

PROPOSAL: Currently approximately two-thirds of children eligible for subsidized childcare are not able to access services. This proposal would expand early childhood education and childcare programs to serve all children up to age 12 living in a family with income below the federal poverty level.

DESCRIPTION: Under the proposed expansion of early childhood education, childcare and afterschool programs, services would vary based on availability, parental choice, work schedule, and the age of the child. Children ages 3 and 4 could participate in an expanded State Preschool Program and wrap around services to ensure they are in early childhood education programs for a full day. Children ages 5 through 12 could participate in a range of services including after school programs, tutoring programs, wrap around services and childcare. The proposal assumes that consistent with current program requirements, parents must be working or participating in an educational program for the children to be eligible for subsidized childcare. However, it provides for exceptions from these requirements based on criteria to be established by the state to ensure children living in poverty who could benefit from services to be school ready or, children who need services for health and safety purposes, qualify for program services.

The proposal would expand the range of existing programs administered by the Department of Education. These include, but are not limited to, the State Preschool Program, Alternative Payment Programs and General Child Care. Eligible placements include licensed family homes, childcare centers, preschool programs, afterschool programs and unlicensed providers. In determining the level of funding for the different programs, priority should be given to programs serving children who are not yet in school and to serving children with the greatest needs and most likely to benefit from the services provided. As with the current system, lowest income applicants would have the highest level of priority for new slots within each program.

COST: An estimated \$4.1 billion. The estimate reflects the number of families with children ages 12 and under living in poverty in California and the estimate of families already participating in the State Preschool program or subsidized childcare programs. It assumes participation rates of 95 percent for children ages 3 and 4 consistent with participation rate in kindergarten, a 75 percent participation rate for children 5 and older, and lower participation rates for children under 3 and over 4 consistent with labor force participation.

IMPACT: The proposed expansion would provide early education, childcare and afterschool services to more than 750,000 children living in poverty.

Targeted Interventions to Improve School Outcomes and College Success

PROPOSAL: Implement three proven targeted intervention programs to improve school outcomes and college attendance.

DESCRIPTION: The first intervention focuses on middle school students through an eight-session workshop focused on reversing debilitating beliefs about cognitive capacity. The second focuses on high school seniors and uses test scores and grades to provide students appropriate college matches, financial options, and information regarding college applications. The last intervention focuses on students who have been accepted to college by reminding them of key dates, tasks that must be completed before attending college and available support services. Research has shown that these interventions, coupled with college application fee waivers can improve college attendance and are cost effective. The proposal assumes the interventions are taken to scale in schools where 40 percent or more of the students are eligible for free or reduced price lunch. Schools would be eligible for funding and technical assistance to implement the program. However, implementation would not be mandated.

COST: An estimated \$72.6 million. The estimate assumes that schools have the option to carry out these programs, as mandating the programs would require significantly more funding. Estimates for the high school intervention are based on reported costs and not on California specific data or programs that have been brought to scale. Costs could be higher especially if bringing the program to scale requires a statewide information technology effort.

IMPACT: More than 650,000 students could benefit from the proposed targeted interventions.

State Earned Income Tax Credit

PROPOSAL: Establish a state earned income tax credit program to increase the percentage of income that low-income families retain.

DESCRIPTION: The proposed state earned income tax credit would equal 10 percent of the federal credit, averaging approximately \$240 per taxpayer. The Franchise Tax Board would implement the program as part of the regular tax collection process.

COST: An estimated \$785 million. Future costs will increase as income rises. Estimated costs do not include any funding for outreach and education. Administrative costs should be relatively minor and likely absorbable.

IMPACT: 3.2 million low-income tax-filers would benefit from the proposed state EITC.

Increase CalWORKs Grants

PROPOSAL: Increase CalWORKs grants to better meet the needs of children living in deep poverty.

DESCRIPTION: CalWORKs provides welfare-to-work services and cash assistance to low-income working families. Grant reductions enacted during the recent recession and the elimination of cost of living adjustments have substantially eroded the purchasing power of CalWORKs grants. During the 1980s grants equaled approximately 80 percent of poverty. Recently, grants declined to approximately 40 percent of poverty. The last two budgets have restored a large share of the reductions enacted during the downturn. However, the maximum grant level remains below 50 percent of poverty and substantially below the poverty level. Under this proposal, cash assistance for families enrolled in the CalWORKs program would equal at least 50 percent of the federal poverty level.

COST: An estimated \$600 million. Costs would increase by 2 percent or more annually based on updates to the federal poverty level.

IMPACT: The proposed grant increases could benefit more than 1 million children.

Expand Access to Effective Job Training Program

PROPOSAL: Increase support for sector-based job training programs serving parents and youth living in poverty.

DESCRIPTION: California supports numerous workforce development, education and job training programs including: adult education, career technical education, local workforce investment boards, CalWORKs employment services, apprenticeship programs, Employment Training Panel, as well as courses and degree programs offered by the California Community Colleges and universities. While these programs provide important services to millions of Californians, they could benefit from improved coordination, as well as greater focus on employer needs and labor market trends. More effective sector-specific programs could assist low-income parents and youth in obtaining necessary and relevant training to access jobs that pay a living wage.

This proposal would build on existing efforts by providing targeted funding to programs that provide job and sector-specific training for low-income Californians. Public institutions and not-for-profit institutions with a proven track record of placing graduates in jobs would be eligible for support. Training programs would be identified based on employer input, labor market data, a review of relevant licensing and employment requirements, regional workforce needs, availability of jobs, and other appropriate data to ensure program graduates would have access to jobs that pay a living wage and provide a path out of poverty. The proposal would augment existing programs that meet the aforementioned criteria and focus. Increased funding could support additional grants or increased provider reimbursement rates to ensure sector-based programs, which can be more expensive than traditional job training, receive necessary support to better meet the needs of low-income Californians and employers.

COST: Not yet estimated.

ABOUT GRACE

GRACE is an acronym for Gather, Respect, Advocate, Change and Engage.

GRACE is a ministry of the Daughters of Charity and seeks to help fulfill the mission of the Daughters of Charity by making a positive difference in the lives of low-income families and their children. Through value-based collaborations and by formulating, implementing and expanding effective programs and approaches, GRACE is dedicated to reducing barriers to full human development and economic stability.

Twenty percent of the children in California live in poverty today, the highest number and highest percentage in the United States. Research has clearly identified how to substantially address this crisis. We have the financial resources in our state to immediately implement the identified solutions. How can we not do so?

For more information, please visit: www.grace-inc.org.